



INFORMATION REPORT

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: March 19, 2012	
SUBJECT/REPORT NO: Cemetery Accounts Investment Performance Report - December 31, 2011 (FCS11076(a)) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department	PREPARED BY: Gerald T. Boychuk 905-546-4321
SIGNATURE:	

Council Direction:

Not Applicable.

Information:

Over the 12 month period ending December 31, 2011, the earnings rates are **4.54%** for the Cemetery Care & Maintenance Trust; **4.30%** for the Cemetery Monument Care Trust and **4.35%** for the Cemetery Pre-Need Assurance Trust. The earnings rate includes interest and lending revenue, but excludes realized and unrealized capital gains/losses.

Over the same period, the overall returns (which include interest, lending revenue, and realized and unrealized capital gains/losses) are **8.47%** for the Cemetery Care and Maintenance; **12.09%** for the Cemetery Monument Care and **10.95%** for the Cemetery Pre-Need Assurance. The overall return for the benchmark (or Policy) is **9.67%**. As a result, the Cemetery Care and Maintenance underperformed the benchmark by **120** basis points, whereas the Cemetery Monument Care and the Cemetery Pre-Need Assurance out-performed the benchmark return by **242** basis points and **128** basis points respectively.

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As of December 31, 2011, the total portfolio values are **\$8,731,817** (with \$782,935 of net unrealized capital gains) for the Cemetery Care & Maintenance; **\$940,045** (with \$121,045 of net unrealized capital gains) for the Cemetery Monument Care and **\$2,070,632** (with \$231,225 of net unrealized capital gains) for the Cemetery Pre-Need Assurance.

The following table shows the investment return indicators.

Investment Return Indicators (for information purposes only)			
	12 months ended Dec. 31, 2011	12 months ended Dec. 31, 2010	12 months ended Dec. 31, 2009
Earnings Rate (Excluding Unrealized Capital Gains or Loss)			
Cemetery Care & Maintenance	4.54%	4.81%	4.91%
Cemetery Monument Care	4.30%	4.69%	4.94%
Cemetery Pre-Need Assurance	4.35%	4.70%	4.87%
Total Return			
Cemetery Care & Maintenance	8.47%	5.35%	4.99%
Cemetery Monument Care	12.09%	7.51%	5.31%
Cemetery Pre-Need Assurance	10.95%	6.85%	4.82%
Policy Target (DEX Universe Index)	9.67%	6.74%	5.41%
Securities Lending Revenue			
Cemetery Care & Maintenance	\$ 278.25	\$ 258.77	\$ 164.35
Cemetery Monument Care	\$ 23.20	\$ 37.26	\$ 56.59
Cemetery Pre-Need Assurance	\$ 38.30	\$ 63.79	\$ 94.14
Income Earned			
Cemetery Care & Maintenance	\$ 414,796	\$ 570,457	\$ 429,513
Cemetery Monument Care	\$ 37,526	\$ 58,248	\$ 39,457
Cemetery Pre-Need Assurance	\$ 84,377	\$ 122,810	\$ 87,137
Ending Portfolio Market Value			
Cemetery Care & Maintenance	\$ 8,731,817	\$ 9,397,872	\$ 9,087,580
Cemetery Monument Care	\$ 940,045	\$ 874,833	\$ 859,125
Cemetery Pre-Need Assurance	\$ 2,070,632	\$ 1,947,580	\$ 1,863,249

The Cemetery Care and Maintenance Trust portfolio underperformed relative to the Policy target because the portfolio was overweight in holdings of corporate and provincial bonds with very short maturities which underperformed relative to corporate and provincial bonds with longer maturities. Overall, the three Trusts did benefit from holding Canadian Schedule I Bank Deposit Note, longer maturity Provincial and

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Municipal bonds as yields decreased significantly during 2011 and were lower as at December 31, 2011 relative to their values on December 31, 2010.

The current strategy is to continue to hold, and invest in, high quality credits: Canadian Schedule I Bank Deposit Note, Provincial and Municipal bonds. In 2012, we anticipate interest rates to remain range-bound with a bias to decrease more in the long-end of the yield curve.